

### Contract Compliance Checklist

Agreement Reference	Compliance Yes/No (DEPT. USE ONLY)

IC 27-1-33-7(1)

Insurer may terminate the contract for cause upon written notice to the MGA, and may suspend the underwriting authority of the MGA during the pendency of any dispute regarding the cause for termination.

Comments:

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IC 27-1-33-7(2) MGA will:

(a) Render accounts to the reinsurer detailing all transactions;  
and

(b) Remit all funds due under the contract to the insurer on not less than a monthly basis.

Comments:

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I.C. 27-1-33-7(3)

All funds collected for the account of an insurer will be held by the MGA that is a member of the Federal Reserve System. This account shall be used by the insurer. The MGA may retain not more than three (3) months estimated adjustment expenses.

Comments:

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IC 27-1-33-7(4)

Separate records of business written by the MGA shall be maintained. The MGA shall copy all accounts and records related to its business in a form usable by the insurer. The insurer shall have access to all books, bank accounts, and records of the MGA in

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IC 27-1-33-7(5)

Contract may not be assigned in whole or part by the MGA.

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I.C. 27-1-33-7(6) Appropriate underwriting guidelines, including the following:

(a) Maximum annual premium volume.

(b) Basis of the rates to be charged.

(c) Types of risks which may be written.

(d) Maximum limits of liability.

(e) Applicable exclusions.

(f) Territorial limitations.

(g) Policy cancellation provisions

(h) Maximum policy period.

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I.C. 27-1-33-7(7)

The Insurer has the right to cancel or non-renew any policy of insurance and regulations concerning the cancellation and non-renewal of insurance

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IC 27-1-33-7(8) If the contract permits the MGA to settle claims on behalf of the insured, the following provisions shall apply:

(A) All claims must be reported to the company in a timely manner.

(B) A copy of the claim file will be sent to the insurer at its request or if the claim is one of the following types that the claim:

- (i) Has the potential to exceed an amount determined by the limit set by the company, whichever is less;
- (ii) Involves a coverage disputes;
- (iii) May exceed the MGA's claims settlement authority;
- (iv) Is open for more than six (6) months; or
- (v) Is closed by payment of an amount set by the commission, whichever is less.

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- (C) All claim files will be the joint property of the insurer and MGA. In the event of the liquidation of the insurer, those files shall become the sole property of the MGA. The MGA shall have reasonable access to and the right to copy those files.
- (D) Any settlement authority granted to the MGA may be terminated upon the receipt of written notice to the MGA or upon the termination of the contract. The MGA shall retain the settlement authority during the pendency of any dispute resolution or termination.

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IC 27-1-33-7(9)

Where electronic claims files are in existence, the contract must address the retention of data in those files.

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IC 27-1-33-7(10) If contract provides for a sharing of interim profits by the authority to determine the amount of the interim profits by establishing claim payments, or in any other manner, interim profits will not be paid to

(a) Until one (1) year after the profits are earned, for property insurance after the profits are earned on casualty business; and

(b) Until the profits have been verified pursuant to section 8 of this chapter

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IC 27-1-33-7(11) MGA may not do any of the following:

(a) Bind reinsurance or retrocessions on behalf of the insurer, except facultative reinsurance contracts pursuant to obligatory facultative agreements if the insurer contains reinsurance underwriting guidelines, including a list of reinsurers with which the automatic agreements are entered into, and ceded, a list of reinsurers with which the automatic agreements are entered into, and amounts or percentages that may be reinsured, and commission schedule

(b) Commit the insurer to participate in insurance or reinsurance syndicates

(c) Appoint any producer without assuring that the producer is lawfully licensed as a producer of insurance for which the producer is appointed

(d) Without prior approval of the insurer, pay or commit the insurer to pay any amount, net of reinsurance, which may not exceed one percent (1%) of the insurer's surplus as of December 31 of the last completed calendar year before

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		(e) Collect any payment from a reinsurer or commit the insurer to reinsurer without prior approval of the insurer. If prior approval is required, it must be promptly forwarded to the insurer.
		(f) Permit its subproducer to serve on the insurer's board of directors.
		(g) Jointly employ an individual who is employed with the insurer, unless the individual is not affiliated in an insurance holding company system.
		(h) Appoint a sub-MGA.